



Employment Security Department

WASHINGTON STATE

Workforce Innovation and Opportunity Act Policy Employment System Administration and Policy

Washington envisions a nationally recognized fully integrated One-Stop system with enhanced customer access to program services, improved long-term employment outcomes for job seekers and consistent, high quality services to business customers. In order to achieve this vision, Employment System Administration and Policy sets a common direction and standards for Washington's WorkSource system through the development of WorkSource system policies, information memoranda, and technical assistance.

Policy Number: 5255

To: Washington WorkSource System

Effective Date: March 1, 2016

Subject: WIOA Audit Requirements, Reports, and Resolutions

1. Purpose:

To communicate audit requirements for state and local recipients of Workforce Innovation and Opportunity Act (WIOA) Title I funds from the Employment Security Department (ESD).

2. Background:

The Office of Management and Budget (OMB) published new requirements for federal award programs entitled Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (also known as the Super Circular) codified at 2 CFR Part 200. Audit requirements are provided at 2 CFR Part 200, Subpart F.

The new audit requirements are effective for fiscal years beginning on or after December 26, 2014. For awards issued before December 26, 2014, the requirements from OMB Circulars A-21, A-87, A-110, A-122, A-89, A-102, A-133, and A-50 apply.

The Super Circular has raised the threshold for a single or program-specific audit to \$750,000 or more. Local Workforce Development Boards (LWDBs), other state recipients, and their subrecipients that expend \$750,000 or more of federal awards during their fiscal year must have an audit conducted for that year.

The Super Circular requires pass-through entities to:

- Monitor each fund recipient to ensure appropriate use of federal funds.

- Require each fund recipient to permit pass-through entities and auditors to have access to records and financial statements as necessary to ensure compliance with applicable law, regulations, and terms and conditions.

3. Policy:

a. Audit Requirements

Each pass-through entity must:

- Verify each subrecipient is audited as required by 2 CFR Part 200 Subpart F – Audit Requirements and proposed 20 CFR 683.210.
- Issue management decisions for audit findings on federal funds the pass-through entity has awarded.
- Follow-up and ensure subrecipients take timely and appropriate action to resolve all deficiencies identified through audits, reviews, and other means.

b. Audit Resolution (follow-up)

Management decisions to resolve audit findings must:

- Be issued within six months of acceptance of the audit report by the Federal Audit Clearinghouse (FAC)
- Clearly state whether or not the audit finding is sustained, the reasons for the decision, and the auditee's expected actions.

If the auditee has not completed corrective action at the time the decision is made, a timetable for follow-up must be given. Management decisions must describe any appeal process available to the auditee.

c. Appeals

Appeals and disputes regarding management decisions are first addressed through local dispute resolution policies and procedures.

If the requirements of local dispute resolution policies and processes have been met and the parties to the dispute cannot reach agreement, they may appeal to the State per [WIOA Title I Policy 5410 - Dispute Resolution and Appeals](#).

d. Audit Reports

State and local recipients of WIOA Title I funds passed through ESD must send copies of their audits to:

Workforce Monitoring
Financial and Administrative Services Division
Employment Security Department
P.O. Box 9046
Olympia WA 98507-9046
WorkforceMonitoring@esd.wa.gov

4. **Definitions:**

Auditee - Any non-Federal entity that expends Federal awards which must be audited under 2 CFR Part 200 Subpart F—Audit Requirements.

Auditor - An auditor who is a public accountant or a Federal, state, local government, or Indian tribe audit organization, which meets the general standards specified for external auditors in generally accepted government auditing standards (GAGAS). The term auditor does not include internal auditors of nonprofit organizations.

Audit Finding - Deficiencies which the auditor is required by 2 CFR 200.516 Audit findings, paragraph (a) to report in the schedule of findings and questioned costs.

Management Decision – The evaluation by the pass-through entity of the audit findings and corrective action plan and the issuance of a written decision to the auditee as to what corrective action is necessary.

Pass-Through Entity - A non-Federal entity that provides a subaward to a subrecipient to carry out part of a Federal program

Subrecipient - An entity that receives federal assistance passed through from a prime recipient or another subrecipient to carry out or administer a WIOA program. Distinguishing characteristics of a subrecipient include:

- Determining eligibility for assistance;
- Performance measured against meeting the objectives of the program;
- Responsibility for programmatic decision making;
- Responsibility for applicable program compliance requirements;
- Use of the funds passed through to carry out a program of the sub-entity as compared to providing goods or services for a program of the prime recipient.

5. **References:**

- Public Law 113-128, Workforce Innovation and Opportunity Act of 2014, Sections 184 and 185
- Proposed 20 CFR 683.210
- 2 CFR Part 200.331 – Requirements for Pass-through Entities
- 2 CFR Part 200, Subpart F- Audit Requirements

- State Administrative and Accounting Manual (SAAM), Section 50.30 – Compliance with Federal Single Audit Act
- WIOA Title I Policy 5410, Dispute Resolution and Appeals

6. Supersedes:

WIA Title 1-B Policy 3255 Revision 1, Audit Requirements – Including Incident Reporting – Fraud and Abuse

7. Website:

http://www.wa.gov/esd/1stop/policies/wioa_title1.htm

8. Action:

LWDBs and their contractors, as well as Employment Security Regional Directors, should distribute this policy broadly throughout the system to ensure that WorkSource System staff are familiar with its content and requirements.

Direct Inquiries To:

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